

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6986

Investigation of Village of Morrisville Water & Light	)	Hearings at
Department's tariff filing requesting an 11.33% rate	)	Montpelier, Vermont
increase, to take effect August 1, 2004	)	August 11, 2004
		Morrisville, Vermont
		October 6, 2004

Order entered: 10/21/2004

PRESENT: Ennis John Gidney, Hearing Officer

APPEARANCES: June E. Tierney, Esq.  
for the Vermont Department of Public Service

William B. Piper, Esq.  
Primmer & Piper, PC  
for Village of Morrisville Water & Light Department

**I. INTRODUCTION**

On June 16, 2004, the Village of Morrisville Water and Light Department ("Morrisville") filed tariffs and supporting documents reflecting an 11.33 percent increase in rates, to take effect on a service-rendered basis commencing August 1, 2004, for bills rendered September 1, 2004. Pursuant to 30 V.S.A. § 226(b), Morrisville implemented the rate increase by imposing a temporary surcharge on existing base rates.

On July 20, 2004, the Vermont Department of Public Service ("DPS"), pursuant to 30 V.S.A. § 225, filed a letter recommending that the Board open an investigation into the justness and reasonableness of Morrisville's tariff filing. The Vermont Public Service Board ("Board") ordered such an investigation on July 28, 2004, and appointed Ennis John Gidney, Chief Economist, as Hearing Officer in this proceeding.

A prehearing conference was held in Montpelier, Vermont, on August 11, 2004. A duly warned public hearing was held in Morrisville, Vermont, on October 6, 2004.

On October 15, 2004, Morrisville and the DPS reached a settlement that, if approved by the Board, would resolve all remaining issues associated with the tariff filing. An issue that was not addressed in the stipulation was the filing of an appropriate Service Quality and Reliability Performance, Monitoring and Reporting Plan ("Service Quality Plan").

The parties have waived the necessity of a technical hearing and have stipulated to the admission of the October 15, 2004, Memorandum of Understanding ("MOU").<sup>1</sup>

I have reviewed the accompanying tariffs and documents in this filing and, based upon the evidence of record and the testimony and exhibits presented in this docket, and the stipulation entered into by Morrisville and the DPS on October 15, 2004, I hereby report the following findings and conclusion to the Board in accordance with 30 V.S.A. § 8.

## **II. FINDINGS**

1. Morrisville and the DPS reached a settlement that resolves all issues associated with this tariff filing. Exh. Joint-1 at 1.
2. Morrisville's Proforma Cost of Service is projected to be \$5,825,892. Exh. Joint-1 at Attachment 1.
3. Morrisville is projected to have power costs of \$3,788,688. Exh. Joint-1 at Attachment 1.
4. Morrisville is projected to have a Times Interest Earned Ratio of 1.81 or a net income of \$102,297. Exh. Joint-1 at Attachment 1.
5. Morrisville agrees that it will not, in any future rate proceeding, seek to recover from its ratepayers the \$691,115 cost of the abandoned Green River Hydro Project facilities. Prefiled Attachment D; exh. Joint-1 at 2.

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1. A copy of the MOU is attached hereto as Appendix 1. The MOU was admitted by stipulation into the evidentiary record as Exhibit Joint-1.

6. Morrisville agrees to reduce its rate increase from the 11.33% it filed to 10.02%, representing a decrease of \$69,111 in annual revenues. This is the amount Morrisville proposed to recover from ratepayers for the Green River Hydro Project. Exh. Joint-1 at 1.

7. Morrisville agrees to refund to all ratepayers the difference between the amounts collected since the 11.33 percent temporary surcharge took effect, and the agreed-upon 10.02 percent increase. Exh. Joint-1 at 2.

### **III. DISCUSSION**

I have reviewed all the evidence in this docket and conclude that the overall settlement in the MOU is reasonable. Approval of this agreement will result in rates that are just and reasonable and will promote the general good of the state. Accordingly, I recommend that the MOU be approved by this Board.

However, I note that Morrisville is one of the few remaining Vermont electric distribution utilities that does not yet have a Service Quality Plan in effect. The Board has repeatedly found that such service quality plans have benefits for ratepayers.<sup>2</sup> I had hoped that the settlement in this proceeding would include a Service Quality Plan for Morrisville (as did many settlement agreements in other utilities' rate cases), however, that did not occur. Therefore, I recommend that the Board require Morrisville to file a proposed Service Quality Plan within one month of the date of this Order.

### **IV. CONCLUSION**

I have reviewed the MOU and the record of this proceeding. I find that based upon all of the foregoing and the evidence in the record, the MOU, taken as a whole, promotes the general good of the state and resolves all issues in Docket 6986. I, therefore, recommend that the MOU be approved by the Board in its entirety and that Morrisville be authorized to increase its rates by 10.02 percent. In addition, I recommend that the Board require Morrisville to file a proposed Service Quality Plan within one month from the date of this Order.

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2. See, e.g., Dockets 6120 and 6460, Order of 6/26/01 at 45.

The parties have waived their right to service of the Proposal for Decision in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 20<sup>th</sup> day of October, 2004.

s/Ennis John Gidney  
Ennis John Gidney  
Hearing Officer

**V. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The Findings and Conclusion of the Hearing Officer are adopted.
2. The Memorandum of Understanding dated October 15, 2004, between the Village of Morrisville Water and Light Department ("Morrisville") and the Vermont Department of Public Service ("DPS"), is approved in its entirety.
3. Morrisville is entitled to rates that will produce additional revenues in the amount of \$530,808, or 10.02 percent above current rates, for service rendered on or after August 1, 2004.
4. Morrisville shall forthwith file appropriate tariffs consistent with this Order within ten days of the date of this Order, to take effect on a service-rendered basis commencing November 1, 2004.
5. Morrisville shall calculate the appropriate refund and file such calculations and a refund proposal with the DPS and the Board with the tariffs referred to in paragraph 4, above.
6. Morrisville shall file a Service Quality and Reliability Performance, Monitoring and Reporting Plan within a month of the rendering of this Order.

Dated at Montpelier, Vermont, this 21<sup>st</sup> day of October, 2004.

<u>s/Michael H. Dworkin</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/David C. Coen</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: October 21, 2004

ATTEST: s/Judith C. Whitney

Acting Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: Clerk@psb.state.vt.us)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*